



Report to Members

Fiscal Year End
October 31, 2019

Eric Enderlin
President



DATE: August 5, 2020

TO: The Chairperson and Members

FROM: Eric Enderlin

SUBJECT: Report on REMIC Fiscal Year 2019 Activities

I am pleased to report that the New York City Residential Mortgage Insurance Corporation (“REMIC”) continued its role in helping to establish and maintain the available stock of affordable housing throughout New York City during the fiscal year ended October 31, 2019. Certificates of Insurance were issued for 27 properties with an insured amount of \$34 million, representing 3,972 units and \$170.4 million in mortgage amount outstanding. Commitments to Insure were issued for 13 properties with an insured amount of \$39 million, representing 3,371 units and \$195 million in mortgage amount outstanding.

A detailed summary of the activities and accomplishments of REMIC during the fiscal year ended October 31, 2019 is attached for your review.

MISSION & HISTORY

The New York City Residential Mortgage Insurance Corporation (“REMIC”) is a public benefit corporation created to promote the production and rehabilitation of affordable housing in New York City through the issuance of mortgage insurance. REMIC plays an integral role in New York City’s efforts to stabilize and revitalize the City’s diverse neighborhoods.

Founded as the New York City Rehabilitation Mortgage Insurance Corporation in 1973 by the State Legislature with a \$7.5 million loan from New York City, REMIC was created to promote the development of affordable housing in specifically designated distressed areas of New York City. Using mortgage insurance, REMIC worked to promote the issuance of residential loans, many of which would not have proceeded without credit enhancement.

In 1993, the State Legislature amended the REMIC statute, changing REMIC’s parameters to no longer restrict REMIC to designated distressed areas, but instead, to encourage REMIC to insure mortgages throughout New York City. At the same time, REMIC was renamed the New York City Residential Mortgage Insurance Corporation and was reorganized as a subsidiary of the New York City Housing Development Corporation (“HDC”). The original \$7.5 million loan was returned to the City, with HDC funding REMIC reserve requirements as required by REMIC’s enabling statute. These legal changes and transfers of funds created a “New REMIC” entity, while certain reserve requirements remained in place for the “Old REMIC” insured projects. During 2015, the last remaining “Old REMIC” loan was paid off. There are no remaining “Old REMIC” loans in the portfolio. In fiscal years 2011, 2013, 2015, and 2019 HDC injected \$7.5 million, \$10 million, \$8 million, and \$10 million respectively, into REMIC to capitalize future capacity.

Since becoming a subsidiary of HDC, REMIC has actively sought to become a more formidable presence in the mortgage insurance business by significantly increasing the volume of its underwriting while maintaining adherence to strict underwriting standards. In its 45 years of existence, the REMIC insured portfolio has performed well, having paid only 12 claims for insured loans totaling \$598,291.

As of fiscal year-end, REMIC had a “AA” rating from Standard & Poor’s.



FISCAL YEAR 2019 SUMMARY

During fiscal year 2019 (November 1, 2018 through October 31, 2019), REMIC issued Commitments to Insure to 13 properties, with a total of 3,371 units, a total insured amount of \$39 million, and a total mortgage amount of \$195 million. During fiscal year 2019, REMIC issued Certificates of Insurance to 27 properties, with a total of 3,972 units, a total insured amount of \$34 million, and a total mortgage amount of \$170.4 million.

As of October 31, 2019, REMIC had a total amount of insurance outstanding of \$287.2 million, with a total mortgage amount outstanding related to such insurance of \$1.3 billion. In addition, REMIC had total commitments outstanding of \$142.4 million with a total mortgage amount outstanding related to such insurance of \$701.3 million.

Details of the Commitments to Insure and the Certificates of Insurance that REMIC issued during fiscal year 2019 are on the following two pages.

COMMITMENTS TO INSURE ISSUED DURING FY2019

BRONX

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Adee Towers	HDC	\$7,415,000	\$1,483,000	293
Comunlife Portfolio*	HDC	\$7,240,000	\$1,448,000	242
Mosholu Grand	HDC	\$16,375,000	\$3,275,000	152
PRC Tiffany	HDC	\$8,180,000	\$1,636,000	161
Second Farms	HDC	\$23,750,000	\$4,750,000	319
The Watson	HDC	\$26,525,000	\$5,305,000	326
<i>Total Bronx (6 projects):</i>		<u>\$89,485,000</u>	<u>\$17,897,000</u>	<u>1,493</u>

BROOKLYN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Coney Island Phase 1	HDC	\$31,770,000	\$6,354,000	446
Ebenezer Plaza 1A	HDC	\$8,150,000	\$1,630,000	197
Linden Terrace Building 1	HDC	\$22,265,000	\$4,453,000	235
<i>Total Brooklyn (3 projects):</i>		<u>\$62,185,000</u>	<u>\$12,437,000</u>	<u>878</u>

MANHATTAN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Ruppert House*	HDC	\$7,205,000	\$1,441,000	652
The Robeson	HDC	\$18,855,000	\$3,771,000	79
<i>Total Manhattan (2 projects):</i>		<u>\$26,060,000</u>	<u>\$5,212,000</u>	<u>731</u>

QUEENS

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
14-14 Central Ave	HDC	\$10,140,000	\$2,028,000	142
Beach Green Dunes II	HDC	\$7,200,000	\$1,440,000	127
<i>Total Queens (2 projects):</i>		<u>\$17,340,000</u>	<u>\$3,468,000</u>	<u>269</u>

**Committed and insured in the same fiscal year*

TOTAL COMMITTED (13 PROJECTS): **\$195,070,000** **\$39,014,000** **3,371**

CERTIFICATES OF INSURANCE ISSUED DURING FY2019

BRONX

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
1016 Washington Ave	HDC	\$4,900,000	\$980,000	65
491 Gerard Ave	HDC	\$8,250,000	\$1,650,000	153
530 Exterior St	HDC	\$1,000,000	\$200,000	157
655 Morris Ave	HDC	\$15,210,000	\$3,042,000	176
B&L Grand Concourse	HDC	\$5,640,000	\$1,128,000	102
Compass 2A	HDC	\$7,810,000	\$1,562,000	128
Compass 2B	HDC	\$5,930,000	\$1,186,000	164
Comunlife Portfolio*	HDC	\$7,240,000	\$1,448,000	242
Crotona Terrace	HDC	\$7,150,000	\$1,430,000	80
Crotona Terrace II aka (Crotona B)	HDC	\$5,880,000	\$1,176,000	108
High Hawk Apartments	HDC	\$8,885,000	\$1,777,000	73
La Casa del Mundo	HDC	\$5,760,000	\$1,152,000	102
MBD Year 15 Resyndication	HDC	\$4,855,000	\$971,000	270
Norwood Gardens	HDC	\$14,055,000	\$2,811,000	118
Summit Ridge Apartments	HDC	\$1,825,000	\$365,000	58
Westchester Point	HDC	\$10,260,000	\$2,052,000	141
<i>Total Bronx (16 projects):</i>		<u>\$114,650,000</u>	<u>\$22,930,000</u>	<u>2,137</u>

BROOKLYN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Greenpoint Landing F2	HDC	\$3,575,000	\$715,000	103
Prospect Plaza Site 3	HDC	\$7,400,000	\$1,480,000	135
Williamsburg Bridgeview	HDC	\$3,075,000	\$615,000	55
<i>Total Brooklyn (3 projects):</i>		<u>\$14,050,000</u>	<u>\$2,810,000</u>	<u>293</u>

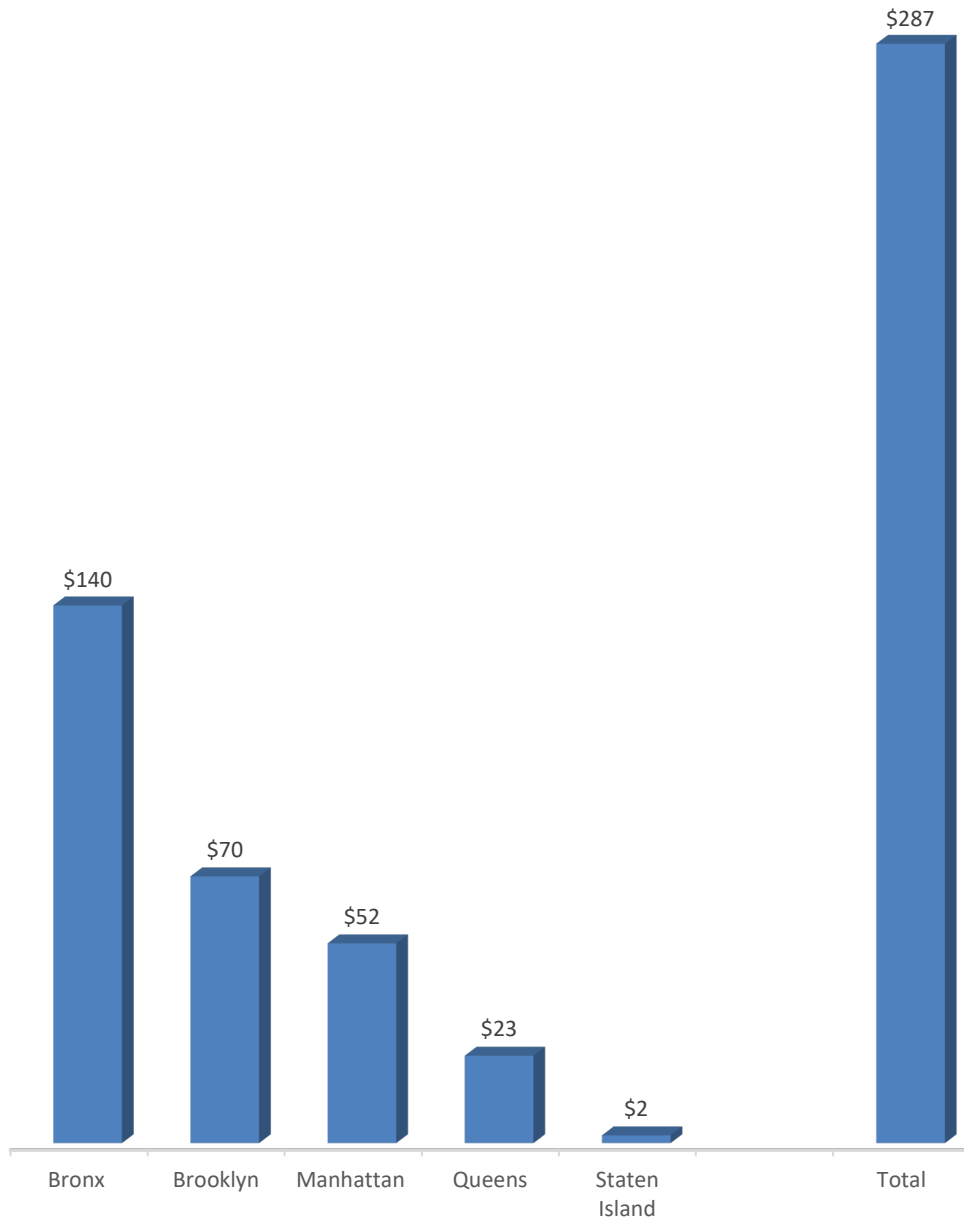
MANHATTAN

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Bethany Place	HDC	\$3,980,000	\$796,000	28
Genesis Year 15	HDC	\$4,500,000	\$900,000	358
Ruppert House*	HDC	\$7,205,000	\$1,441,000	652
Striver's Plaza	HDC	\$10,440,000	\$2,088,000	54
Washington Square SE	HDC	\$2,180,000	\$436,000	175
<i>Total Manhattan (5 projects):</i>		<u>\$28,305,000</u>	<u>\$5,661,000</u>	<u>1,267</u>

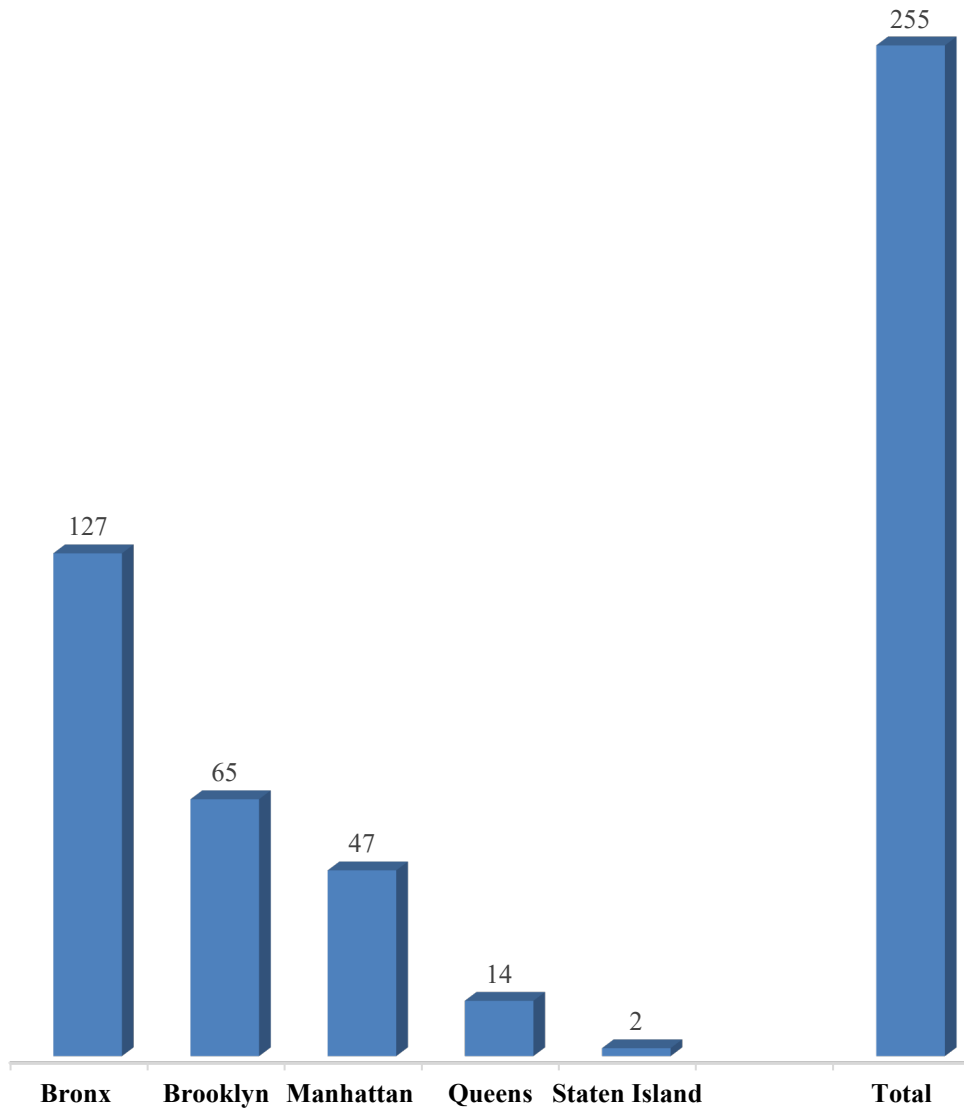
QUEENS

<u>Property</u>	<u>Lender</u>	<u>Original Mortgage Amount</u>	<u>Original Insured Amount</u>	<u># Units</u>
Archer Avenue	HDC	\$4,730,000	\$946,000	89
Beach Green North	HDC	\$6,000,000	\$1,200,000	101
The Pavilion at Locust Manor	HDC	\$2,680,000	\$536,000	85
<i>Total Queens (3 projects):</i>		<u>\$13,410,000</u>	<u>\$2,682,000</u>	<u>275</u>
<i>*Committed and insured in the same fiscal year</i>				
TOTAL INSURED (27 PROJECTS):		<u>\$170,415,000</u>	<u>\$34,083,000</u>	<u>3,972</u>

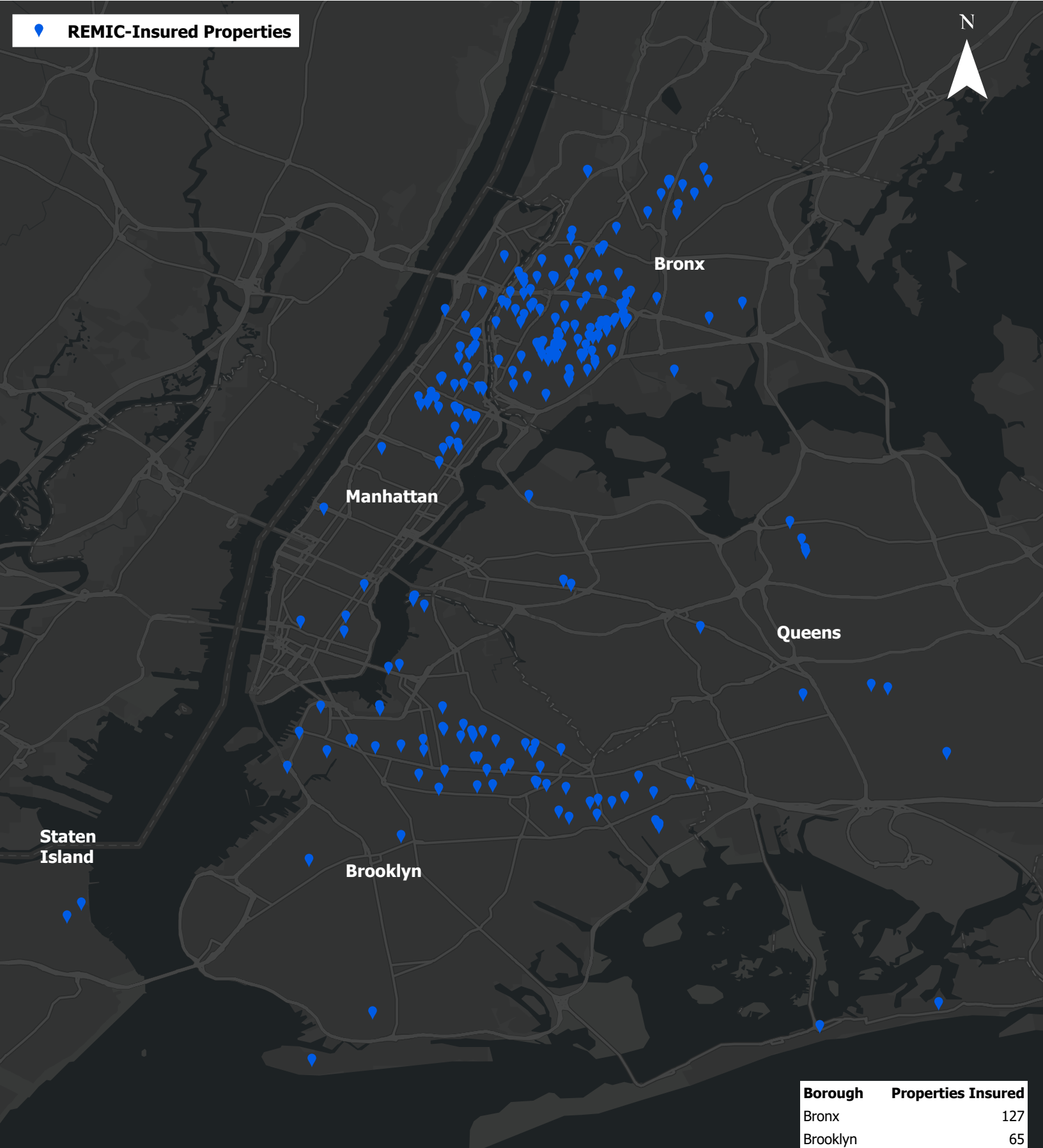
Insured Amount by Borough
(\$Millions)



Total Insured Properties by Borough



REMIC-Insured Properties



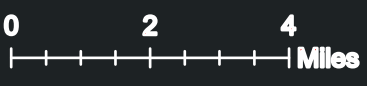
Staten Island

Manhattan

Bronx

Queens

Brooklyn



Borough	Properties Insured
Bronx	127
Brooklyn	65
Manhattan	47
Queens	14
Staten Island	2
Total	255

Sources: Esri, HERE, Garmin, FAO, NOAA, USGS, © OpenStreetMap contributors, and the GIS User Community

Map of REMIC-Insured Properties

HIGHLIGHTS OF PROPERTIES INSURED DURING FY2019



Washington Square SE (Manhattan)



Striver's Plaza (Manhattan)



Archer Avenue (Queens)

YEAR-OVER-YEAR COMPARISON
FY 2019 VERSUS FY 2018

Commitments to Insure

	<u>FY 2018</u>	<u>FY 2019</u>
# Projects	20	13
# Units	4,505	3,371
Insured Amount	\$52,641,000	\$39,014,000
Mortgage Amount	\$263,205,000	\$195,070,000

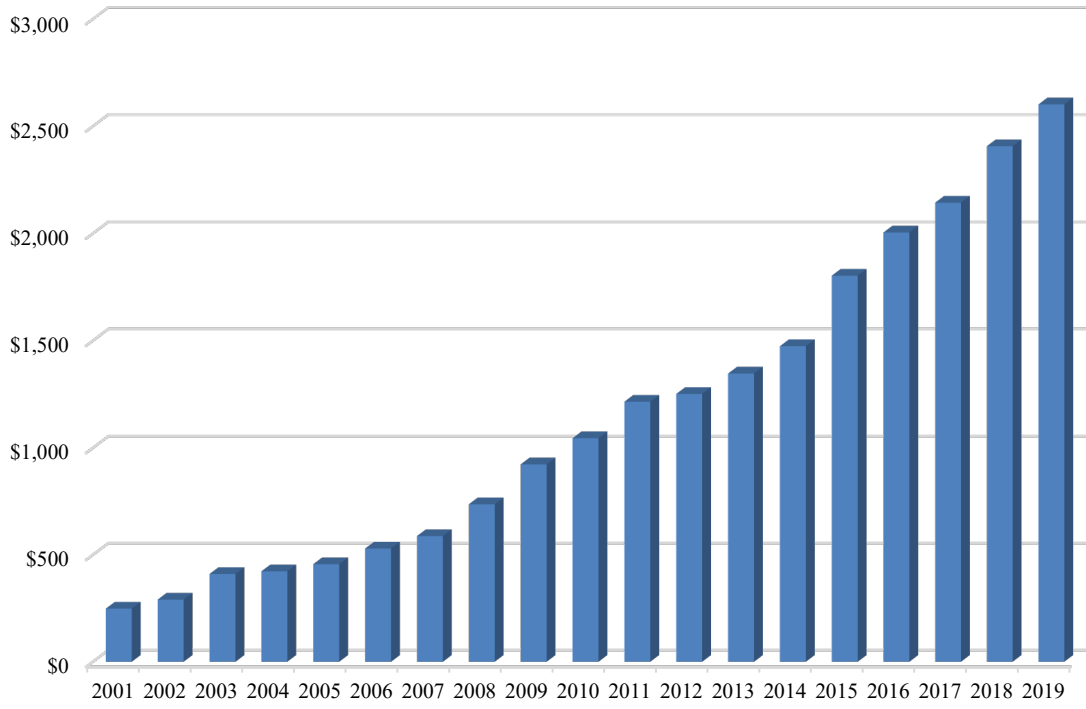
Certificates of Insurance:

# Projects	7	27
# Units	618	3,972
Insured Amount	\$9,332,000	\$34,083,000
Mortgage Amount	\$46,660,000	\$170,415,000

ANNUAL COMMITMENT ACTIVITY

<u>Fiscal Year</u>	<u># Loans</u>	<u>Insured Amount</u>	<u>Mortgage Amount</u>	<u># Units</u>
1993 to 2003	347	\$189,515,187	\$410,581,573	10,340
2004	11	\$8,411,263	\$12,285,612	329
2005	8	\$10,079,063	\$33,367,750	477
2006	29	\$20,673,355	\$73,358,770	1,427
2007	11	\$10,922,260	\$58,041,298	751
2008	21	\$32,593,062	\$148,746,311	3,134
2009	24	\$37,360,000	\$186,800,000	2,600
2010	22	\$24,424,000	\$122,120,000	2,425
2011	22	\$34,026,000	\$170,130,000	2,608
2012	10	\$7,229,820	\$36,149,100	762
2013	18	\$23,127,428	\$95,391,428	1,769
2014	20	\$26,876,000	\$127,520,000	2,674
2015	47	\$69,705,024	\$328,617,024	5,594
2016	24	\$40,599,210	\$201,544,576	9,282
2017	14	\$28,523,656	\$138,952,456	2,109
2018	20	\$52,641,000	\$263,205,000	4,505
2019	13	\$39,014,000	\$195,070,000	3,371
<i>Total</i>	<i>661</i>	<u><i>\$655,720,328</i></u>	<u><i>\$2,601,880,898</i></u>	<u><i>54,157</i></u>

REMIC COMMITMENT HISTORY
Cumulative Mortgage Amounts Committed Since 1993
(\$Millions)



REMIC FY 2019 FUND BALANCES

<u>Restricted Fund Balance</u>	<u>Unrestricted Fund Balance</u>	<u>TOTAL BALANCE</u>
<u>\$85,917,508</u>	<u>\$58,506,734</u>	<u>\$144,424,242</u>

At the close of fiscal year 2019, REMIC had a fund balance of \$144,424,242, a 13% increase from fiscal year-end 2018. In fiscal year 2019, HDC injected an additional \$10 million into REMIC to capitalize future capacity.

**REMIC Fund Balance
(\$Millions)**



**HDC injected capital into REMIC during fiscal years 2011, 2013, 2015, and 2019 in the amounts of \$7.5 million, \$10 million, \$8 million, and \$10 million respectively, to capitalize future capacity.*

REMIC INSURANCE CAPACITY

In accordance with Section 654-d of New York Private Housing Finance Law, REMIC set aside reserves to cover insurance commitments and contracts entered into by REMIC, as well as properties currently in pipeline. REMIC ended fiscal year 2019 with undesignated reserves of approximately \$44 million. This undesignated reserve amount results in an available capacity to insure approximately \$220 million in insured amount, or a potential \$1.1 billion in mortgage amount (assuming 20% insurance).

CREDIT RATINGS

As of fiscal year-end, Standard & Poor's maintained a "AA" credit rating for REMIC.

CLAIMS PAYMENT HISTORY

During fiscal year 2019, there were no insurance claims paid on REMIC properties. The total amount of claims paid since 1973 remains at \$598,291. The last claim paid was in 2003. All claims paid have been on loans originated by "Old REMIC."

REMIC PROPERTIES

As of October 31, 2019, REMIC had in its portfolio insured mortgages for 255 properties with 32,796 units. The current aggregate balance of these insured mortgages is \$1.3 billion with REMIC insurance in effect of \$287.2 million.

INVESTMENT SUMMARY

As of October 31, 2019, REMIC reserves were invested in Certificates of Deposit and Money Market Funds. Details are provided below:

<u>Description</u>	<u>Par Amount</u>	<u>Interest Rate</u>
NYCB Money Market	\$2,673,287.76	2.00%
Signature Bank CD	\$120,000,000.00	2.85%
Signature Bank Money Market	\$9,739,957.35	2.10%
Sterling National Bank MM	\$11,693,251.45	2.18%
<i>Total</i>	<u>\$144,106,496.56</u>	

REVENUES & EXPENSES

The following is a review of REMIC's revenues and expenses for fiscal year 2019 with an explanation of each budget category:

(\$ Thousands)	FY2018	FY2019
<i>Operating Revenues:</i>		
Insurance Premiums & Fees	\$3,806	\$3,791
Investment Income	\$2,152	\$3,489
<i>Total Operating Revenues</i>	<i>\$5,958</i>	<i>\$7,280</i>
<i>Operating Expenses:</i>		
Reimbursement of HDC Overhead	\$545	\$566
Insurance Claims	\$0	\$0
<i>Total Operating Expenses</i>	<i>\$545</i>	<i>\$566</i>
OPERATING SURPLUS	\$5,413	\$6,714
Capital Injection from HDC	\$0	\$10,000
Unrealized Gain/(Loss) on Investments	\$0	\$0
CHANGE IN NET POSITION	\$5,413	\$16,714

EXPLANATION OF REVENUES & EXPENSES

Revenues

Insurance Premiums & Fees

Insurance premiums and fees represent collections for mortgage insurance and commitments issued by REMIC, as well as application and commitment extension fees. Insurance premiums and fees were \$3.7 million in 2019 versus \$3.8 million in 2018 and represented 52% of REMIC's total revenues.

Investment Income

Investment income represents income generated on REMIC's investment portfolio. For fiscal year 2019, investment income was \$3.4 million versus \$2.1 million for fiscal year 2018 and represented 48% of REMIC's total revenues.

Expenses

Reimbursement of HDC Overhead

The reimbursement back to HDC was \$566,000 for HDC overhead in accordance with the Servicing Agreement between HDC and REMIC. This amount covers the salary, fringe, and costs related to HDC staff assigned to REMIC matters.

Insurance Claims

No insurance claims were paid during fiscal year 2019.